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January 31, 2012

Connecticut General Assembly
Labor and Public Employees Committee
Room 3500, Legislative Office Building
Hartford, CT 06106

Re: H.B. 5756, "The Good Jobs Bill"

Senator Osten, Representative Tercyak, and Members of the Labor and Public Employees Committee:

My name is Matt O'Connor, and I am the Connecticut District Political Director for Local 32BJ, SEIU. We are a union of property service workers, with more than 125,000 members on the east coast. Our district includes 4,500 members who are building cleaners, security officers, and food service workers here in Connecticut.

I am submitting this testimony in favor of House Bill 5756, and recommend substantive changes to improve it and ensure it achieves its intended goals.

H.B. 5756 -- the "Good Jobs Bill" -- would hold service contractors that benefit from state business assistance accountable for creating family-sustaining jobs here in Connecticut.

I am sure we all agree that the public's tax dollars should never be used to subsidize poverty-level jobs. But unfortunately, that is exactly what happens when companies that receive state economic development funds hire contractors that pay poverty-level wages to their workers.

The Good Jobs bill is a good start toward fixing that problem. It levels the playing field by requiring that contractors hired by economic development recipients pay baseline wages and provide basic benefits to their employees.

In order to accomplish this objective, the bill extends the Connecticut's "Standard Wage Law" to companies contracted to provide services in buildings whose owners and tenants benefit from state business assistance funds. The law already covers most service contractors to the State of Connecticut, and has helped raise thousands of families out of poverty.

It is important to note that the state is already providing subsidies to companies and will continue to do so regardless of this legislation. This bill does not provide for any additional subsidies and will not require any additional costs to be shouldered by the state or any of Connecticut's municipalities.

But it is important to recognize that there are costs to the public when beneficiaries of subsidies do not pay adequate wages. If those companies are permitted to pay less than the going rate, they are getting a windfall at the taxpayers' expense.

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The bill as raised does need significant improvements to achieve the goal of holding service contractors benefitting from business assistance more accountable.

The bill should empower the State Department of Labor to investigate and enforce violations with respect to unpaid wages. This is important, because the labor department has the expertise and capacity to conduct investigations and prosecute these types of violations.

The bill should also provide for remedies for service workers employed by contractors who fail to pay standard wages. The bill as introduced is silent in this regard. Implicitly, contracted-out workers would likely be able to go to court and sue as third party beneficiaries to a contract, but there is no provision for attorneys' fees, and that is not the best structure for enforcement.

The bill as introduced simply provides for termination and clawback of the business assistance benefit. We are concerned that this draconian, one-size-fits-all remedy would not work in practice depending on the nature of the violation. This is particularly true where there is a good faith dispute about whether a worker was paid the correct wages. It is also unclear what would be the standard of proof and who would determine that a violation had occurred.

H.B. 5756, with changes, represents one way in which we can effectively ensure our taxpayer dollars don't go towards creating poverty jobs. We look forward to working with you on this bill and discussing other ways of reaching this important goal. We urge passage of this important policy.

In Solidarity,

Matt O'Connor
Connecticut District Political Director
Local 32BJ, SEIU